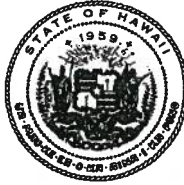


NEIL ABERCROMBIE  
GOVERNOR

BRIAN SCHATZ  
LT. GOVERNOR



STATE OF HAWAII  
DEPARTMENT OF TAXATION  
P.O. BOX 259  
HONOLULU, HAWAII 96809

FREDERICK D. PABLO  
DIRECTOR OF TAXATION

RANDOLF L. M. BALDEMOR  
DEPUTY DIRECTOR

April 20, 2012

TO: Aaron Fujioka, State Procurement Officer  
FROM: Frederick D. Pablo, Director *Frederick D. Pablo*  
RE: Request for Reconsideration – Procurement Exemption No. 12-091K

The Department of Taxation (DOTAX) respectfully requests reconsideration of the State Procurement Office's (SPO) disapproval for Procurement Exemption No. 12-091K. While DOTAX understands your concerns, we hope the further clarification noted below will assist in explaining why we sought an exemption from procurement and that you will reconsider your denial of an exemption for this exceptional matter.

The investigation initially involved fifteen administrative cases, all involving only one primary issue. Because of the sameness of the cases, and because they all involved one primary issue, it was DOTAX's good faith estimate that the contract could be completed within the small purchase limitation. The fact that at least one of the three proposers was able to submit a proposal within the limit, confirmed DOTAX's estimate that a contract could be obtained within that limit. This was DOTAX's first experience in soliciting this type of service for this type of project.

DOTAX's request for the exemption from procurement is based on our desire to complete all of the administrative investigations as expeditiously and fairly as possible. Having the same investigator handling all of the investigations will ensure both objectives.

DOTAX's initial request for proposal was a good faith effort in estimating hours that would be required to conduct the estimated fifteen administrative investigations originally identified. Prior to releasing the initial requesting quotations, and without disclosing confidential information, we spoke to every company/individual from whom we requested a quotation regarding whether they thought that our initial estimate of the time was accurate; they all agreed that the time frame was sufficient to complete the work.

It was during the course of the initial interviews and based upon unanticipated responses from some of the interviewees that DOTAX became aware of additional administrative investigations that needed to be conducted. We could not have, nor could have any of the bidding investigators, reasonably foreseen that several more investigations would need to be conducted. Thus from our initial identified fifteen investigations, upon which the solicitation was based, there was a need to conduct an additional seven more investigations.

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STATE OF HAWAII

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Having the same investigator conduct these additional investigations will be the most efficient and expeditious way to handle the remaining cases. A new investigator will need time to become familiar with the issues before being able to conduct the additional investigations; which would likely increase the total cost to complete the entire project. Furthermore, we are concerned that not using the same investigator could raise issues of fairness and consistency with the entire investigation. Because the issue in the cases is the same, consistency is extremely important.

In consideration of SPO's comments, DOTAX proposes to reduce the amount of its request, from \$10,000 to \$5,000. In addition, rather than increasing the number of hours of the investigator, DOTAX will ensure that all investigations are completed within the total firm-fixed price of \$19,630.

Thank you for the opportunity to provide further information. Should you have any questions, please feel free to call me at 587-1517.

**CPO COMMENTS:**

This request for reconsideration is disapproved because the State Procurement Office's April 25, 2012 memo requesting additional information remains unanswered.

☐ Approved ☒ Disapproved

 5/29/2012  
Chief Procurement Officer Date

PE12-091Ka1